

Paper A3

General Assembly and the URC Trust

Business Committee

Basic information

Contact name and email address	John Bradbury john.bradbury@urc.org.uk
Action required	Decision.
Draft resolution(s)	<p>Resolution 4</p> <p>1. General Assembly authorises the Business Committee and the General Secretariat to begin conversations with the URC Trust on behalf of the General Assembly concerning the nature of the relationship between the United Reformed Church and the United Reformed Church Trust.</p> <p>Resolution 5</p> <p>2. General Assembly also authorises the Assembly Officers to appoint anyone else they deem necessary to represent the General Assembly in these conversations if urgency means that such an appointment cannot wait until Assembly Executive or the next General Assembly.</p> <p>Resolution 6</p> <p>3. General Assembly requires any proposed changes to the relationship between the General Assembly and the URC Trust be brought to a future General Assembly, or Assembly Executive in the case of urgent matters, for agreement.</p> <p>Resolution 7</p> <p>4. General Assembly authorises the Chief Operating Officer to commence a consultation with all Church House employees under the Transfer of Undertakings (Protection of Employment) Regulations 2006 regarding transferring their employment from the Church to the United Reformed Church Trust.</p> <p>Resolution 8</p> <p>5. General Assembly authorises all future new contracts and contract renewals relating to its work to be taken</p>

	out by the United Reformed Church Trust rather than in the name of the Church.
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Summary of content

Subject and aim(s)	Taking steps to clarify the relationship between the URC Trust and Church, to enable both to function well in the context of increasingly complex regulatory and compliance requirements.
Main points	<p>The regulatory and compliance context in which the Church and the Trust function is becoming ever more complex. This, along with some recent scenarios, has highlighted that there are some anomalies in how the relationship between the Church and the Trust is explained, understood, and documented.</p> <p>There are steps which need to be taken now to address some of these anomalies where they relate to contracting and employment. Alongside this, there is a need for conversations with the URC Trust on behalf of General Assembly, to explore how best to structure and set out the relationship. Any proposed changes would be brought to a future General Assembly (or Assembly Executive for urgent matters) for agreement.</p>
Previous relevant documents	<p>Annual accounts 2021</p> <p>United Reformed Church Trust Memorandum and Articles of Association 2013</p> <p>Previous documentation relating to the relationship between the General Assembly and the URCT (October and November 1998, September 2000, 2010) following changes to Charities legislation.</p>
Consultation has taken place with...	<p>URC Trust</p> <p>Church House Staff Secretaries in relation to employment matters</p> <p>The Human Resources Advisory Group</p> <p>The Pensions Review Group.</p>

Summary of impact

Financial	<p>There is no immediate financial impact or changes to the costs of staffing.</p> <p>Making the proposed changed will enable robust management of financial risks in response to the increasingly stringent compliance requirements.</p>
External (eg ecumenical)	This will ensure clarity of understanding of responsibilities, and robust compliance with financial and audit requirements as well as the Charity Commission regulations.

Background

- 1.1 General Assembly has previously approved the Memorandum and Articles of Association of the United Reformed Church Trust ('the Trust'). In 2007, General Assembly set out that:

The object of the Trustees is to administer and manage the general property held in connection with the United Reformed Church for which General Assembly has responsibility and is accountable and conduct the temporal affairs, dealings and matters of the United Reformed Church which are administered centrally and ensure compliance with the temporal obligations of the United Reformed Church arising from its status and from its pursuance of its objects and work.

General Assembly therefore gave a remit to the Trust to hold matters such as finance, property, and employment. General Assembly subsequently approved the Memorandum and Articles of Association of the Trust under which the Trust continues to act.

- 1.2 While the practical application of this has been true in many respects, there remain some significant anomalies in how the relationship between the Church and the Trust is explained, understood, and documented. Furthermore, the changing, and ever increasing, compliance agenda requires us to give closer scrutiny to these issues than previously necessary.
- 1.3 These anomalies and some of the resulting consequences have been highlighted in several scenarios:

a) Annual accounts

Some members of General Assembly may remember that the presentation of the approved 2021 accounts had to be delayed at the General Assembly in July 2022. This was not due to any problems with the figures, but related to concerns about the narrative text describing the relationship between the Church and the Trust. While it was possible to find a form of words that allowed the documents to be signed off on that occasion it highlighted that work needed to be done to bring greater clarity to the governance relationship between the Church and the Trust.

The auditors still require this to be addressed and have been satisfied for the 2022 accounts on the basis that work, albeit informal at this stage, has commenced to explore these issues and a way forward.

b) Dealing with contracts

Navigating existing contracts, many of which are in the name of the Church, has proved difficult on occasions when the financial information is in the name of the Trust. This is causing administrative difficulties for us and for those with whom we contract.

Furthermore, contracting as the Church, an unincorporated association, when the financial liability and therefore the associated risk under such contracts lies with the Trust, is an anomaly and governance risk which needs to be addressed by both the Church and the Trust. This lack of clarity in the relationship between the Church and the Trust could cause difficulties if the Church faces legal issues and litigation.

Steps to date and future action

- 2.1 Some initial informal conversations have taken place between some of the Officers of the General Assembly and the URC Trust.
- 2.2 Relationships are warm, cordial, and fulsome, and all are agreed that major work needs to be done to ensure that our arrangements avoid compliance liabilities.
- 2.3 The aim of this further exploration would be to develop a fully worked proposal for a future legal structure within which to hold the important relationship between the Church and the Trust, which:
 - Is easy to explain across the denomination and wider.
 - Is clear in terms of responsibility, authority, and risk management.
 - Enables agile decision making supported by sound governance and solid compliance.
 - Enables information to flow properly between the Church and the Trust thus bolstering transparency.

Employment and other contracting

- 3.1 Those initial informal conversations have shown that there are two areas however, which should not wait for a final decision on structure and approach to be taken, as there are already complications being faced because of the current approach.
- 3.2 The first relates to the **employment of lay staff**. Currently, all the lay staff working in and from Church House are employed by the Church, but the employing entity would more properly be the Trust. In the event of an issue and an employee seeking redress in the Employment Tribunal, it would be the Trust, as it holds the financial resources of the Church, which would fund any compensation and legal costs of such action. It follows therefore that it should be the Trust which needs the oversight of employment terms and conditions, policies and procedures, thereby mitigating its risk in relation to employment matters.
- 3.3 The appropriate course of action would be to begin a consultation with the lay staff regarding the transfer of their employment from the Church to the Trust under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). It is a requirement of these Regulations that when an employee is subject to a TUPE transfer, that all their existing terms and conditions transfer with them.
- 3.4 This would be a technical issue rather than having a significant impact upon members of the team and no employee would be adversely impacted by the transfer. Nevertheless, a full consultation in accordance with the Regulations would be required. It is also envisaged that the existing HR-related policies and procedures would be adopted by the Trust.
- 3.5 Ministers and CRCWs are holders of an office and are financially supported by the resources of the Trust. Therefore, their status will be unaffected by these changes.

- 3.6 The position in terms of wider **contracting** is more straightforward. Again, to ensure that risk and liability is properly managed and navigated, future contracts should be taken out in the name of the Trust rather than the Church.

Next steps

- 4.1 At each stage, there will be 'mirror' papers taken to the Trust Board meetings seeking equivalent approval for the different steps and stages.
- 4.2 If General Assembly passes Resolutions 1-3, then the Business Committee, the General Secretariat and representatives of the Trust will explore different legal structures in which to hold the relationship between the Church and the Trust moving forward. The timeframe for this work, which will require time capacity, is December 2024, coming to General Assembly in July 2025.
- 4.3 If General Assembly passes Resolution 4, then the Chief Operating Officer will commence work in accordance with a project plan agreed with the Trust, the Business Committee and the legal adviser addressing all matters of policy, procedure and compliance, prior to commencing the TUPE consultation.
- 4.4 If General Assembly passes Resolution 5, then the General Secretariat will work to ensure that future contracts are taken out in the name of the Trust rather than the Church.